



Kansas Department of Credit Unions

KDCU Newsletter

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Current Issues Update

Compliance Issues with CARD Act

The Administrator, Kansas Department of Credit Unions is aware of credit union compliance concerns associated with the Credit Card, Accountability, Responsibility, and Disclosure Act of 2009 (CARD Act) and the Federal Reserve Board's interim rule and changes to Regulation Z.

Under the CARD Act, financial institutions must mail or deliver periodic statements for open-end consumer products at least 21 days before the payment due date. While the Administrator is committed to consumer protection, I am aware of the difficulties credit unions are experiencing complying with the required changes. Our examiners will work with credit unions as they work with their vendors to phase in the required changes.

All credit unions are expected to fully comply as early as possible. Credit unions cannot impose a late fee or change terms except as permitted by the Credit CARD Act and the Federal Reserve Regulation.

Seasonal and HINI Influenza

The symptoms of HINI influenza virus infections are similar to seasonal influenza and include fever, cough, sore throat, runny nose, body aches, chills and fa-

tigue. Credit unions may have already been impacted by outbreaks of 2009 HINI influenza affecting their employees.

Credit union management should implement actions to lessen member service interruptions due to seasonal or HINI outbreaks. Employees should be encouraged to obtain vaccination against seasonal influenza **now** and HINI when the vaccine becomes available later. Seasonal influenza vaccination provides protection from seasonal influenza throughout the duration of the influenza season.

Since the HINI Influenza A Pandemic strain of influenza has never been seen before, vaccination for this strain is required for protection once the vaccine become available probably sometime in October. It is likely that a two-dose series of HINI vaccine administered at least 21 days apart will be required in order for individuals to be fully protected.

Credit union business recovery plans should include plans to address pandemic events such as influenza. Since a wide range of disease patterns will probably occur, business recovery plans must balance a variety of objectives when determining how best to decrease the spread of influenza and lower the impact of influenza for the credit union. The objectives of the plan may include one or more of the following: (a) reducing transmission among employees, (b) protecting employees and credit union members who are at increased risk of influenza related complications from getting

infected with influenza, (d) maintaining credit union operations, and (d) minimizing adverse effects on other entities.

Finally, periodic updates of information should be obtained from reliable sources such as the Kansas Department of Health and the Centers for Disease Control.

Chapter Meetings

Representatives from the Department are available as meeting resources. We want to help Chapters inform and educate their members about our role and responsibilities. Contact the Topeka office if we can meet your meeting presentation needs.

Bulletins Issued

Bulletins issued since the last news letter:

2009-KDCU-CUB-06 Implementation of the SAFE Act

2009-KDCU-CUB-07 First Quarter 2009 Call Report Statistics

2009-KDCU-CUB-08 Amendment of K.S.A. 17-2205 (Field of Membership Statute) by Senate Bill No. 72

2009-KDCU-CUB-09 Training for transition to a web-based system for the 5300 Cal Report

2009-KDCU-CUB-10 Second Quarter 2009 Call Report Statistics

Credit union management should be familiar with KDCU's Bulletins which are e-mailed to credit unions and posted on KDCU's web site.

Update on Credit Union and State Regulator Training for New Online Call Report System

The National Credit Union Administration (NCUA) is preparing to transition from the current software based to a web based (online) call report (5300) system with the September Call Report Cycle.

The new online system includes two sections. The "Credit Union Profile" and the "Online Call Report." The profile section is a series of tabs that collect information about the credit union that infrequently changes. This includes all Report of Officials information and information collected on the 5300

Call Report that did not need to be collected each quarter including disaster recovery information, IS&T and emergency contact information. This information will now be reported in the profile. Once the credit union has completed entering this data, they will only need to edit this information as it changes.

The intent of the credit union profile is to reduce redundancy in reporting. Credit unions can start entering their profile information on September 1, 2009. **This information must be completed by October 1, 2009.**

The Online Call Report is located within the online system. The software that credit unions have used in the past to submit their

Call Report data will no longer be used. All data in the future will be submitted manually or electronically via the online system. Credit unions can begin entering their Call Report data on October 1, 2009. **The due date for the September 30, 2009 Call Report is October 19, 2009.**

Administrator's Remarks

New NCUA Chair

On August 24 Deborah Matz became Chairman of the NCUA Board. Matz was nominated by President Obama in May, 2009. Matz concluded a three-year term on the NCUA board in 2005.

Chair Matz will hold three town hall meetings to discuss corporate credit union status, implementation

of the corporate stabilization and the proposed corporate credit union rule.

On September 15, a town hall meeting will be held in Clayton, Missouri. See the NCUA web site for details.

Examination Issues

Examiners continue to examine credit unions where credit union employees have not received periodic BSA training.

Another area of examination concern is the lack of annual testing or incomplete testing of the credit union disaster plan.

CREDIT UNION COUNCIL MEETS

The Credit Union Advisory Council met on September 10, 2009. Council members attending were Garth Strand, Chair, Lee Williams, Vice-Chair, Gilbert Benton, Secretary, Denise Bonner, Carol Malecki, Sue Henke and Jim Holt. Guests were Camille Nohe, Jerel Wright, Dylan Dear and Larry Eisenhauer.

The Administrator updated the Council on examiner training, preparation for the potential H1N1 influenza and seasonal influenza outbreaks and the search for office space.

Assistant Attorney General Camille

Nohe described changes made in the Kansas Open Meetings Law and the Administrators statutory authority and responded to questions from Council members.

The Council received several reports:

- ◆ Credit union status reports.
- ◆ KDCU financial reports.
- ◆ Kansas credit union condition report.
- ◆ Frequency of examinations report.

The Council extensively discussed the department's budget reports, the examination fee schedule and the fee fund.

The Kansas Credit Union Association reported on the effect of Reg. Z and Credit Card Act changes.

Kansas Corporate Credit Union reported on recent events in the corporate credit union system.

The next meeting of the Credit Union Advisory Council is scheduled for December 3, 2009.

Credit union members and officials are invited and encouraged to attend Council meetings. The Council meeting notice and agenda are posted on the department's web site.

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